

# STATE OF TENNESSEE BOARD FOR LICENSING CONTRACTORS

500 James Robertson Pkwy., Suite 110 Davy Crockett Tower  
Nashville, TN 37243-1150  
Telephone: 1-800-544-7693 or (615) 741-8307 / Fax: (615) 532-2868  
[www.state.tn.us/commerce/boards/contractors](http://www.state.tn.us/commerce/boards/contractors)



Month of Meeting	Tentative Locations	Deadline for Applications
January	Nashville	December 20
March	Nashville	February 20
May	Memphis	April 20
July	Nashville	June 20
September	Knoxville	August 20
November	Nashville	October 20

## CONTRACTORS LICENSE APPLICATION

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## ***LICENSE APPLICATION INSTRUCTIONS***

Congratulations on your decision to become a licensed contractor with the State of Tennessee! We know how important a license is toward your livelihood and we are here to help. As you may know, a contractor's license is required for projects in excess of \$25,000. Most important; do **NOT** bid, offer a price, negotiate or contract until you are granted a license. Doing so, is a violation which comes with monetary penalties and license denial for six months and you would not be allowed to start, finish or participate in any re-bidding of the project. (See T.C.A. 62-6-120). For additional assistance, feel free to contact our office at 1-800-544-7693.

### **STEP 1 – TESTING: Contact testing center to schedule exam(s)**

#### **Register to take examination(s)**

Review the examination guide, "Candidate Information Bulletin" for dates, locations, registration and study outlines. License classifications and monetary limits are based on experience (the Board looks for at least three years experience), equipment, and some require a trade exam. See pages 12 – 14 of the new license application for an outline of license classifications. Please contact the Board if you are unsure whether a trade exam is required. *(If you are applying for an additional license, reinstatement or were the Qualifying Agent (QA) for another license, please attach a letter or photocopy of scores.)* The testing center, \*Experior, is a contract vendor and not a state agency. Experior cannot advise contractors of which exams are required. You may contact our office by telephone or put your question in writing and fax to us at (615) 532-2868 or by email. Exams are \*\$45.00 each, same day score, given daily in Nashville, given weekly in Memphis and Knoxville and monthly at other cities. Experior offers exams in over 26 states and you may review a list of these locations at their website at <http://www.experioronline.com/tnconstruction.htm> or contact them by telephone at 1-800-805-9120. *\*(Effective July 1, 2006, a new exam vendor, PSI, will be administering the exams; fees and reference books will change. Their website is at: <http://www.psonline.com>.)*

All applicants must take the Tennessee "**Business and Law**" exam which is open book and based upon the "*Business and Law Reference Manual*"; may be purchased by the testing center or professional book stores. Some applicants must also take a **trade** exam. If you do not see a trade exam which falls within your profession, a trade exam probably is not required, but feel free to contact our office. Effective **July 1, 2006**, the exams will be based upon new references and codes books.

**The following is a list of trade exams (building, electrical and mechanical):**

#### **Building Categories/Combined**

Residential -(BC-A);	Commercial -(BC-B);	Industrial - (BC-C);
Res/Small Com - BC-A,b(sm);	Res/Com/Ind -(BC);	Small Commercial - BC-b(sm);
Com/Ind - (BC-B,C);		

**Examples:**

- Build residential houses only, take the BC-A exam.
- A construction manager is required to take the full BC exam.
- Build homes and commercial projects, (such as a doctor's office less than \$750,000), need the BC-A and BC- b(sm) exams OR combined BC-A,b(sm).
- A BC-B or BC is needed to build a water/sewer plant.
- Perform only landscaping, or roofing, or painting; or masonry; no trade exam (see Rule 0680-1-.16 for a complete list of 33 building subcategories)
- Perform environmental remediation; no trade exam. Must supply applicable training certificates and experience.
- Communication/cell towers; no trade exam.

**Electrical and Mechanical Categories**

Electrical (CE)	High Voltage (CE-A, H)	Fire/Sprinkler (CMC-D)
Mechanical (CMC)	Plumbing (CMC-A)	HVAC/Refrig (CMC-C)

**Examples:**

- Electrical wiring less than \$25,000, may need the state's **LLE** (Limited Licensed Electrician's) license. For an LLE license, call 1-800-568-0649, but be sure to check in the county you plan to work! (CE electrical contractors are exempt)
- Plumbers performing projects less than \$25,000, may need the state's **LLP** (Limited Licensed Plumber) license, a separate license within the Board. For an LLP application, call (615) 532-3994. In addition, must also apply for the county or municipality's local plumbing license.
- Electrical wiring contracts in excess of \$25,000, need the CE exam
- Works on electrical transmission lines/sub-stations, needs CE-A,H (high voltage)
- Performs plumbing, HVAC, refrigeration, and process piping; needs full CMC.
- Performs process piping, only; NO test, (CMC-B) class.
- Installs alarm or security systems, up to 70 volts; no trade exam required (may need to register with the Alarm Contractors Board at (615) 741-9771).
- Installs telephone lines or computer cabling; no trade exam required.
- Gas piping: A contractor with CMC, CMC-A or CMC-C may perform gas piping to everything, such as water heaters, laundry equipment, kitchen equipment, and to appliances, gas grills, swimming pool heaters, gas logs, etc..
- Fire Protection/Sprinkler contractors must pass the CMC-D exam and/or NICET certification, currently with the Department of Fire Prevention (615) 741-7190.
- Geothermal System requires a CMC-C exam; the well driller needs to be licensed with Department of Environment and Conservation (800-523-4873).

The following trades do not require an exam and are based on equipment and experience:

**Building Subcategories** such as: “Acoustical Treatments” (BC-1;) through “Irrigation” (BC-33;) Full “BC” exam would cover all. *(Refer to T.C.A. Section 62-6-112 and Rule 0680-1-.16 of the Tennessee law for a complete listing.)*

**Low Voltage (less than 70 volts):** Sound, Intercom, Fire Detection or Alarm Systems (CE-D); Telephone Lines (CE-F); and Cabling (CE-G). Alarm contractors need to also check with the Alarm Systems Contractors Licensing Board at (615) 741-9771.

**Heavy Construction (HC)** such as: Marine (Docks, Harbor Improvements) HC-A; Dams, Dikes, Levees and Canals (HC-D); Structural Steel Erection (HC-1); Clearing, Grubbing, Snagging and Rip Rap (HC-5).

**Highway, Railroad and Airport (HRA)** such as: Grading and Drainage (HRA-A); Base and Paving (HRA-B); Bridges and Culverts (HRA-C); Well Drilling (HRA-E.4)., (well drillers may need to be certified with the Department of Environment and Conservation).

**Municipal Utility (MU)** such as: Underground Piping (MU-A); Grading and Drainage (MU-C); Gas Distribution and Transmission Lines (MU-A,1). (Water well drillers may need to be certified with the Department of Environment and Conservation and may be contacted at 800-523-4873.)

**Environmental Specialties:** Asbestos Handling (S-A); Underground Storage Tanks (S-B); Lead Based Paint Abatement (S-C); Hazardous Waste Removal (S-D); and Air, Water or Soil Remediation (S-E). *(Must attach designated qualifying agent’s (QA) training certifications and resume in these areas.) These contractors may need to check with the Department of Environment at 888-891-8332 for further state requirements.*

**Specialties:** Cell/Communication Towers; Equipment Installation; Vinyl/Wood Siding; Fabrication of Above-Ground Storage Tanks/Vessels; etc. Specialty license classifications are for unique types of contracting where the Board specifies the exact type of work you perform, such as “S-Installation of Paint Finishing Equipment”.

**Medical Gas** certification is required by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE), with a minimum of 32 hours of training, with eight (8) of these hours in brazing. You may also check with the National Inspection Testing Certification (NITC) for local certification locations at 877-457-6482.

*Note: Contractors with non-tested trades or specialty license classifications, cannot perform any electrical, mechanical or plumbing in excess of \$25,000, and would be required to subcontract to properly licensed contractors. Example: A contractor with classification “S-Food Service Equipment” would be required to hire a licensed mechanical contractor to perform refrigeration portions in excess of \$25,000.*

## Who may be designated as the Qualifying Agent (QA) to take the exam?

- **Individual/Sole Proprietor:** Owner or full time employee
- **Partnership:** Any or all Partners;
- **Corporation:** Owner or Full-time Employee with Power of Attorney (POA); or
- **Limited Liability Company:** Member of LLC or Full-time Employee with POA

**Qualifying Agents** listed on no more than one license, unless they have ownership.

## Study Guides

Refer to testing brochure from the exam vendor for study materials. Note: The exams are scheduled to change on July 1, 2006 to a new test vendor.

## Restricted/Limited Residential License (BC-A/r)

In lieu of taking the “BC-A” residential trade exam and “Business & Law” exam, residential contractors wanting to construct homes for **less than \$70,000**, may take a “Limited License” course with their local community college or vocational school. The contractor **MUST** comply with all other application requirements as the examination is waived, only. A contract or permit valuation cannot exceed \$70,000, which includes contractor’s cost of land and profit; not allowed to joint venture or perform home inspections; and in order to increase, must take the exams and provide a reviewed financial statement. The classification for this license is “BC-A/r”. For a list of these schools, please refer to our website at:

<http://www.state.tn.us/commerce/boards/contractors/pdf/contRestricted.pdf>

## Reciprocity with other States

Tennessee presently holds a **trade exam** reciprocity agreement with: Alabama, Arkansas General Contractors; Louisiana, Mississippi and South Carolina. Please attach a copy of your exam scores and/or the license verification from one of these states. The contractor applicant must complete all application requirements. *Note: A license is required prior to bidding or contracting! Must take the Tennessee “Business & Law”.*

## Failed the exam three times?

If you failed the exam three (3) times, you may submit a request with your completed application to interview with a Board member at a regular scheduled Board meeting.

**STEP 2 – FINANCIAL STATEMENT: Contact a Licensed CPA**  
(Licensed Certified Public Accountant or Public Account)

**Licensed Accountant**

Contact a Certified Public Accountant (CPA) or a Licensed Public Accountant (PA) actively licensed in the state where your business operates. In Tennessee, you may check with the “Tennessee Board of Accountancy” at [www.state.tn.us/commerce/boards/accountancy](http://www.state.tn.us/commerce/boards/accountancy) and click on “licensee roster search” to verify they are properly licensed as a CPA firm and as an accountant. Out of state contractors may use their CPA licensed in their state.

The CPA/PA must prepare a financial statement with a:

- “**Reviewed**” opinion (required for a monetary limit of **\$1,500,000 or less**); or
- “**Audited**” opinion (required for a monetary limit **exceeding \$1,500,000**); based on “Generally Accepted Accounting Principles” (GAAP);
- Compiled financial statements are **NOT** acceptable
- Financial statements prepared on an income tax basis are **NOT** acceptable
- Contractor licenses are issued according to the **NAME** appearing on the **financial statement** and the name should match on ALL related information, such as the “Charter”, “Articles of Organization”, “Line of Credit”, “Contractor’s Affidavit” or “Guaranty”.

**New start-up businesses:** Contact your accountant on deciding how to operate. Accounts, such as the checking account, will need to be in the business name of how you will operate and contract. Your accountant may advise whether capital needs to be placed into the business account and the time limit required. Your CPA/PA will need to prepare a “Review” or “Audit” on your contractor’s operating account. For new contractors with financial statements showing “Cash” only instead of an operating business statement, you must submit a “personal financial statement”, with a guaranty agreement (spouses must also sign Guaranty). A personal statement is not required to be prepared by a CPA.

**Monetary Limit Determination**

The monetary limit is the total dollar amount per each individual contract or project. A contractor cannot split a contract into phases to work within their limit, however, a 10% tolerance is allowed. A contractor with a monetary limit of \$150,000 may contract up to \$165,000 without being in violation. In addition, there is no limit of the number of projects a contractor may perform.

**Example:** Monetary limits are based on the maximum of “10 times the lesser” of both working capital and net worth, plus experience listed as working on these size projects (may be while working for other contractors, spec homes or subcontracts, etc.). A license limit of \$150,000 must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for \$100,000, if experienced on these size jobs. The contractor in this example may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a personal financial statement with Guaranty.

### **Unlimited License Limit**

To obtain an unlimited license, the contractor must show in excess of \$300,000 in working capital and net worth, experience, and an “Audited” financial statement.

### **Working Capital and Net Worth**

Please ask your CPA/PA to determine the amount of your working capital and net worth. Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”. Monetary limit is based on the lesser of both net worth and working capital, and experience.

**CURRENT ASSETS** are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments/deferred charges that will not be charged to operations within one year



**CURRENT LIABILITIES** are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year\*

Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

All financial statements submitted should separate current portion of long term debt according to standard accounting principals.

### **Guaranty Agreement**

A “Guaranty Agreement” (see sample format in this application) with personal or parent company financial statement may be needed for the following:

- Contractors submitting “cash” only financial statements due to being a new company with no operating statement, will be required to submit a Guaranty with their personal financial statement
- Spouse must also sign Guaranty Agreement, if applicant is married
- Contractors needing to supplement their working capital or net worth for their monetary limit may use personal statement at 50% value
- Contractor companies/subsidiaries owned by a parent/corporation are required to submit a Guaranty, with the parent’s/other owner’s financial statement
- Subsidiary contractors, which are without a reviewed or audited financial statement, must submit an in-house financial statement in the name to be licensed, with their parent company’s audited or reviewed statement and a signed “Guaranty Agreement”.

### **Line of Credit**

A Line of Credit (LOC), in the Board’s exact format, may be considered to supplement working capital. The LOC must come from a FDIC approved bank, savings and loan institution. The sample format is located in the contractor’s application. If working capital is negative, the Board may consider no more than 50% percent of LOC with guaranty agreement financials. The Board will not issue a license based on the sole value of a LOC.

**INFORMATION FOR FINANCIAL STATEMENTS**  
**(You must provide your CPA or Licensed PA with this information!!)**

NOTE TO CPA/LPA: Please advise your client of their working capital, net worth and monetary limit.

**ALL** applicants **MUST** have either a **REVIEWED** or **AUDITED** financial statement prepared by a CPA or Licensed PA, in accordance with T.C.A. 62-6-111.

**COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!!**

- Licenses will be issued in the **EXACT** name that appears on the financial statement. Be sure that the name on the financial statement and the name throughout your application are the **EXACT** same. (If a spouse's name is on the statement, such as "John and Mary Jones", the license will be issued as "John and Mary Jones").
- Request for monetary limits **GREATER than \$1,500,000.00** requires an **AUDITED** financial statement.
- Request for monetary limits **EQUAL TO or LESS THAN \$1,500,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- **ALL** financial statements **MUST** be prepared by a **CPA or PA**. Their license must be current and in good standing.
- **ALL** financial statements **MUST** include the following:
  - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
  - 2) Balance sheet. The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principals (GAAP).
  - 3) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
  - 4) Audited statements must include the profit and loss statement and cash flow statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value. This is to allow for tax liability.

**FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA'S OWN FORM.** Financial statements **MUST** be current (Current is no older than twelve (12) months). In addition to a reviewed or audited financial statement, the Board may require a personal financial statement if you do not submit an operating statement or cash only. The personal financial statement does not have to be prepared by a CPA or PA.

## INFORMATION FOR MONETARY LIMITS

NOTE: CPA/PA'S - Please advise your client of their working capital and net worth-

**Monetary limit is based 10 times the LESSER of WORKING CAPITAL, NET WORTH and EXPERIENCE!**

**Working Capital** is your **current** assets *MINUS* your **current** liabilities.

**Net Worth** is your **total** assets *MINUS* your **total** liabilities.

### Example #1:

Current Assets:		<u>\$ 20,000.00</u>	Total Assets:		<u>\$ 20,000.00</u>
Current Liabilities:	-	<u>\$ 10,000.00</u>	Total Liabilities:	-	<u>\$ 10,000.00</u>
Working Capital:	=	<u>\$ 10,000.00</u>	Net Worth:	=	<u>\$ 10,000.00</u>

Monetary Limit Qualify: \$100,000.00 (must show experience, too!)

### Example #2:

Company Working Capital:	<u>\$ 20,000.00</u>	Company Net Worth:	<u>\$ 20,000.00</u>
Personal Working Capital:	<u>\$ 2,000.00</u>	Personal Net Worth:	<u>\$100,000.00</u>
50% of Personal Working Capital:	<u>\$ 1,000.00</u>	50% Personal Net Worth:	<u>\$ 50,000.00</u>
Line of Credit:	<u>\$ 10,000.00</u>		
Total Working Capital:	<u>\$ 31,000.00</u>	Total Net Worth:	<u>\$ 70,000.00</u>

Monetary Limit Qualify: \$300,000.00 (must show experience, too!)

## STEP 3 - LETTER OF REFERENCE

### Reference Letter

The "Letter of Reference" (sample in this application) must be completed by a past client or employer, who can comment about your construction work/experience, OR a code official who has inspected your work (not from a relative). Only one reference letter is necessary. Please include and attach the completed reference with your application. *(The reference does not have to come from a Tennessee resident/firm.)*

## **STEP 4 – CORPORATIONS AND LIMITED LIABILITY COMPANIES**

### **Tennessee Secretary of State**

The Secretary of State's office is responsible for business filings and may be contacted at (615) 741-2286 or by fax at (615) 532-9870 or visit their web site at: [www.state.tn.us/sos](http://www.state.tn.us/sos). (Please attach a copy of one of the following with your application package.)

- Tennessee corporations must submit a copy of their "Charter" or "Certificate of Existence" or other document showing it is active and filed with the Tennessee Secretary of State's Office (must be the same name as on their financial statement). [Form# SS-4417 - \$100.00 fee]
- Limited Liability Companies (LLC) and Limited Partnership's must submit a copy of their "Articles of Organization" or "Certificate" showing proof it is active and filed with Tennessee Secretary of State (must be in the same name as their financial statement). [Form#SS-4249 for LLC; Form#SS-4470 for LP – Fees vary according to number of members]
- Out-of State (foreign) corporations, limited liability company or a limited partnership must register with the Tennessee Secretary of State's office and submit proof with their license application, such as a copy of their "Certificate of Authority" or "Articles of Organization" or their application stamped "FILED" from the Tennessee Secretary of State (must be in the same name as on their financial statement). [Form#SS-4431 for COA; Form#SS-4233 for LLC; Form#SS-4473 for LP - \$600.00 fee]

Secretary of State corporate filing applications and fees must be submitted to their office at: 312 8<sup>th</sup> Ave., N., 6<sup>th</sup> Floor Snodgrass Tower in Nashville, TN 37243. Do not send these to the Contractor's Board!

Contractors may change their mode of operation after licensed, through a "Revision".

## **STEP 5 – COMPLETE APPLICATION, SIGN AND NOTARIZE**

### **License Application**

Make sure all questions on the application are complete. Be sure to list all experience, which may be from working in other states or with construction companies, as well as, from your qualifying agent's or other employees work experience. Include proof of **workers compensation insurance**, if you have more than one employee.

Attach **financial statement**, and a copy of **exam scores**. There is a **notary** available in our office, free of charge, for the contractor's affidavit or other pages.

### **Contractor's Affidavit**

Be sure affidavit is signed and notarized by all applicable individuals (qualifying agent, owner(s), partners, members, main officers and major stockholders). For large corporations, with several officers, please list at least three who have authority to act on the company's behalf. Attach an explanation on items where it is applicable.

### **Felony Conviction**

All owners, officers, and the qualifying agent must inform the Board of any convictions and include the date, charge, place, court, action, and whether currently on probation. A license may be denied based on conviction, however, the full Board will judge on its own merits with respect to time, circumstances, and seriousness. Please provide a background check from TBI for the Board's review with a reference letter from parole officer, and proof showing released from probation.

### **Power of Attorney**

A "Power of Attorney" (POA), is required only if the person taking the exam "Qualifying Agent" (QA) is not an owner and is a designated full time employee. If the QA is listed on more than one license, an explanation is required. The POA is not required if an owner is the person testing.

<b><u>STEP 6 – SUBMIT APPLICATION AND \$250.00 LICENSING FEE</u></b>
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Once the application is complete, submit with the **\$250.00** (nonrefundable) two year license application fee (*may be company, personal or cashier check (no cash or credit cards)*), payable to: **Contractor's Board**. Attach check and mail to:

Tennessee Board for Licensing Contractors  
500 James Robertson Parkway, Suite 110  
Nashville, TN 37243-1150

Please allow up to ten (10) days for our receipt. Express mail arrives to our office in two days (goes to the cashier's office first). It may be in your best interest to send express or certified mail for tracking purposes. Always make a complete copy for your records!

### **Application Deadline**

The application is due on the 20<sup>th</sup> of the month before the Board meets. The application must be received in the office by deadline date; not postmarked. The Board meets during the months of January (Nashville); March (Nashville); May (Memphis); July (Nashville); September (Knoxville); and November (Nashville). *Meeting locations are tentative and subject to change!*

For example, to go before the January Board meeting, you must have your completed application in by December 20<sup>th</sup>. If the 20<sup>th</sup> is on a holiday or weekend, the next business day is considered the deadline.

If you are out of town and need to make travel arrangements, please submit the application by the 10<sup>th</sup> day of the month prior to the Board meeting or earlier since meeting notices are mailed out approximately three to four weeks after we receive and process your application.

### **Processing**

Please allow at least three (3) weeks for processing your application before making telephone inquiries! Due to limited staff, telephone inquiries delay processing applications. The “New Applications” staff will notify you by mail and/or fax of the time, date and location of the Board interview. Should additional information be needed, they will contact you requesting the information required and may extend your deadline to be scheduled for Board review.

## **STEP 7 – BOARD INTERVIEW**

### **Board Review**

An interview with a Board member and the contractor’s qualifying agent and/or owner may be required. You will receive an admission letter of the time, date and location OR a letter stating the interview is “waived”.

The **interview** is informal and takes no longer than 30 minutes. However, due to several contractors scheduled, there is a **timely wait**. Board members in your field of expertise usually perform the interview. For example, an electrical Board member will interview those applying for an electrical license, and the mechanical contractor interviews the plumbing and HVAC contractors, etc. At the interview, the application is reviewed and general questions will be asked about contracting experience and to make sure the license classification covers your type of projects. You may use this time to ask the Board member advice or the staff questions concerning the licensing law. There is no dress code requirement.

Contractors meeting the criteria to have the **interview waived** do not get their license issued earlier; they are approved on the same day as those who interviewed. Waived criteria is as follows: Owner passed the exam with a score of 75 or above; complete application received *prior* to the deadline; experience for the monetary limit requested; financial statement shows positive working capital and net worth; and no complaints on file.

## **FINAL STEP – LICENSE ISSUED**

### **License Issuance/Renewal**

Upon approval by the full Board, the license will be issued for two years. It will have your license ID number, classification, expiration date (this is the same information required to be on the outside of a bid envelope) and your monetary limit. You are required to renew after two years. Renewals are mailed 90 days prior to expiration date and must be submitted 30 days prior to expiration. There is not a grace period to renew, and the license is considered expired until renewal is received in our office. If submitted late, the license will have a delinquent status and will not be on the website's roster of licensed contractors until the renewal is processed, which takes approximately six (6) weeks. Any contracting during the expiration of the license is considered unlicensed activity and subject to disciplinary action.

Make sure to notify the Board of any address change, as State mail is not forwarded. Contractors with a monetary limit less than \$1,500,000 may prepare their own financial statement for renewal. Contractors with a limit exceeding \$1,500,000 may submit a "Review" instead of an "Audit". A license expired in excess of 12 months cannot be renewed; a new license must be obtained. There is not a grace period to renew! For example, if your license expires on 7/31/2007, on August 1, 2007, a permit would be denied if you have not submitted complete renewal; financial statement, workers compensation insurance, contractor's affidavit and fees. In addition, if you contract during the time the license was expired, it is considered unlicensed activity.

### **Revisions/Changes – Mode, Name, Classification or Limit**

Contractors may request revisions such as, an increase in monetary limit, add a new license classification, or name change, by requesting a revision application. Changes in the "Mode of Operation" such as changing from a sole proprietor to a corporation or LLC, must make application to transfer/change mode of operation. A license cannot be transferred to a new or separate entity. Mergers, change in ownership, reorganization due to bankruptcy, or if dissolving one company and starting another in a different name, must obtain a new license prior to contracting. The Board is required to review and approve all revision requests at Board meetings, which only meets six times yearly.

### **Bidding/Contracting**

Contractors must be licensed prior to bidding, negotiating, making an offer, and must contract and permit in the name as licensed or it is considered unlicensed activity and subject to disciplinary action by the Board. Contractors licensed as an individual, such as "John Jones" and bids as "John Jones, Inc." is considered an unlicensed entity. It is required to change the mode on a license through a revision (LLC, corporation or partnership) prior to bidding in new mode.

(continued →)

**Name as licensed, license ID number, classification, and expiration date**, is required to be on the **outside of a bid envelope**. The electrical, plumbing, mechanical and HVAC licensing information of subcontractors, where their bid is in excess of \$25,000, must also appear on the outside of the bid envelope. (see TCA 62-6-119).

### **Subcontractors**

The only subcontractors, bidding directly to the licensed prime contractor, required to be licensed are those bidding in excess of \$25,000 are: electrical, plumbing, HVAC and mechanical. Also must list on the outside of the bid envelope with their licensing information.

Subcontractors in other areas, such as, dry wall, masonry, flooring, etc., are not required to be licensed unless they bid directly to the owner and it is in excess of \$25,000.

### **Second/Additional Companies**

Contractors, who own more than one business, can only bid/contract in the name as licensed. Even though they own both entities, they cannot bid or contract under the subsidiary's name and would be required to apply for an additional license.

### **Bid Preference Law**

For those contracting in other states bordering Tennessee, our state requires the same of nonresident contractors as they do of resident contractors. This statute is found in T.C.A. 12-4-801 and states in part, should the bidder on a public construction project in this state be a resident of another state, contiguous to Tennessee, a like reciprocal preference is allowed. In short, if a nonresident's home state gives a preference to their residents, we apply the same criteria to their bid on our state's work.

### **Complaints**

Contractors must respond to complaints submitted to the Contractor's Board or to the Division of Consumer Affairs "Contractors/Homeowners Accountability Mediation Program (**CHAMP**)" to avoid civil penalties, license suspension or revocation which are assessed by the Board for Licensing Contractors. In addition, contractors failing to respond in good faith may be listed on the website's "Problem Contractors" list. Contractor Inspectors are employed with the Regulatory Board to investigate complaints and license violations and contractors are encouraged to respond timely.

### **Board Notification**

It is the responsibility of the contractor to notify the Board of address changes, judgments, bankruptcy, changes in officers, qualifying agents, or felony convictions of these persons and those listed on the "Contractor's Affidavit".



### **Qualifying Agent**

Should the qualifying agent (QA) leave, the Board must be notified within 10 days. A new QA must be designated and pass the trade exam, within 90 days (the "Business Law" exam does not have to be retaken by the new QA) or the license is considered invalid until the new QA is in place. The license remains with the contractor and not with the QA. Should the QA want to contract, they would need to apply for their own license; the exam would not be required.

### **Reinstatement of Expired License**

Reinstatement of an expired license (12 months) requires the same application steps, except for the interview and the exams. Trade exams *MAY* be waived if license has been expired less than 24 months. The contractor will need to put their request in writing for exams to be waived with an explanation. The Business and Law exam will NOT have to be retaken.

### **Merger/Change in Ownership/Reorganization**

Must notify the Board in writing within 10 days and submit completed application. All steps are required except exams do not have to be retaken as long as the qualifying agent (QA) remains with the company. May operate in former licensed entity's name for 90 days. Cannot operate as new entity until approved by the Board.

### **Joint Ventures**

All contractors must hold a Tennessee contractor's license in order to bid as a joint venture. (See Rule 0680-1-.11). Contractors would be required to list both licensed names, ID numbers, license classification and note as a "joint venture". Joint ventures do not have to apply for a special license.

### **Retirement of License**

You may place a current license in a retirement status by submitting request and \$50.00 every two years. To activate from retirement, simply submit renewal fee and form. License may only be retired up to seven (7) years.

### **Workers Compensation Insurance**

Workers compensation insurance is required for those with one (1) or more employees; see TCA 50-6-102. Contact your insurance carrier to ensure you are properly covered and . In addition, failure to continue coverage as required will cause the contractor's license to be invalid and contractor subject to disciplinary action. The following are tips to ensure certificate of insurance is prepared properly:

"Producer" section must include the name of the insurance agency, and telephone number  
"Insured" section should list the name of the contractor;  
The "Certificate of Insurance" should list the name of the insurance company; "To Be Determined or TBD" is not acceptable;  
Policy effective and expiration date must fall with the period of license  
"Description of Operations" portion must list: "State of Tennessee Contractors License"  
"Certificate Holder" section should list the Board for Licensing Contractors and address  
Cancellation Notice section must be completed with at least 10 days notice to be given  
Certificate of Insurance must be signed by an authorized representative of the insurance company

For Office Use Only

Xact# \_\_\_\_\_

Lic.ID# \_\_\_\_\_



**TENNESSEE  
BOARD FOR LICENSING CONTRACTORS**

500 James Robertson Parkway, Suite 110  
Nashville, TN 37243-1150  
(615) 741-8307 or 1-800-544-7693  
Fax: (615) 532-2868  
[www.state.tn.us/commerce/boards/contractors](http://www.state.tn.us/commerce/boards/contractors)

**Please check one:**

- ☐ New License – First Time Applicant  
OR  
☐ Reinstatement of Expired License  
License # \_\_\_\_\_ - Exp: \_\_\_\_\_  
☐ Merger/Reorganization/Change of Ownership/Dissolving Licensed Company  
License # \_\_\_\_\_ (of prior company)  
☐ \*Additional License/Second License – Other license to remain: ☐ Active ☐ Inactive  
License # \_\_\_\_\_ (of prior company)  
☐ Qualifying Agent – Applying for their own license – License# \_\_\_\_\_ (of prior company designated)

**CONTRACTORS LICENSE APPLICATION**  
**Application Fee: \$250.00 (Nonrefundable) – Two Year License Fee**

Mode of Operation: ☐ Sole Proprietor ☐ Corporation ☐ Partnership ☐ LLC

**NAME TO APPEAR ON**

**LICENSE:** \_\_\_\_\_  
(License will be issued in the exact name that appears on your financial statement)

**Mailing Address:**

\_\_\_\_\_  
(P.O. Box) (Physical Street Address if P.O. Box listed)

\_\_\_\_\_  
(City) (State) (Zip)  
**Telephone:** (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ **Cell:** (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ **Fax:** (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

**Qualifying Agent:** \_\_\_\_\_ **Email Address:** \_\_\_\_\_

\*Note: If you currently have a contractor's license and want to only revise current license by adding a classification or increase your license limit, do not complete this application. Request a "Revision" form from our office.

## **SYNOPSIS**

1. Mode of operation: ☐ Individual/Sole Proprietor ☐ Partnership ☐ Corporation ☐ Limited Liability (LLC)
2. Name of Owner(s), Officer(s) or Major Stockholder (20% or more), with their Title (owner, partner, stockholder, officer, and their SS#):

Name	Title	SS#	Yes/No Ownership
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3. Check or List Type of License Classification Requested (see page 12 – 14 for additional classifications):

☐ Residential (BC-A) ☐ Commercial (BC-B) ☐ Small Commercial (BC-b{sm}) ☐ BC (Residential, Commercial & Industrial)  
☐ Industrial (BC-C) ☐ Electrical (CE) ☐ Plumbing(CMC-A) ☐ HVAC (CMC-C) ☐ Full Mechanical (CMC)-Plumbing/ HVAC  
☐ Fire Sprinkler ☐ Specialty: \_\_\_\_\_

Other: \_\_\_\_\_

4. State monetary limit desired (size of contracts): \$ \_\_\_\_\_

(Limit is based on financial and experience data!) (Note: Small Commercial (BC-b(sm)) cannot exceed \$750,000; Restricted (BC-A/r) cannot exceed \$70,000; and Unlimited is for projects exceeding \$3,000,000.)

5. If the owners, officers or the qualifying agent has held or been listed on a Tennessee contractor's license, please answer the questions below: ☐ Does not Apply;

If "Yes", License ID # 000 \_\_\_\_\_; Expiration Date: \_\_\_\_\_; Complaints on File: ☐ NO ☐ \*YES

Explain: ☐ Reinstatement; ☐ Sold company; ☐ No longer at company; ☐ Second/additional license;  
☐ Dissolved Partnership; ☐ Qualifying Agent Applying for own license; Other: \_\_\_\_\_

\*Attach explanation regarding any open, pending or closed complaints or outstanding judgments

6. Have you or your qualifying agent or officers held a contractor's license in any other state(s)? ☐ NO  
☐ YES - If so, please list "State" and current status, such as: Active (**A**); Expired (**E**); Suspended/Revoked (**S**).

\_\_\_\_\_( ); \_\_\_\_\_( ); \_\_\_\_\_( );

7. Have you or the qualifying agent or officers held any other Tennessee Licenses (other than driver's license). Such as, Real Estate, Architect/Engineer, Alarm, Fire Sprinkler, etc. ☐ NO ☐ YES - *please list type of license and status:*

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8. Please check the city in which you prefer to have your interview (locations are tentative):  
☐ Nashville/January, March, July or November ☐ Memphis/May ☐ Knoxville/September

9. List Qualifying Agents (QA) person who passed the exams or designated employee for specialty:

Name	SS#	*Examination(s)	Date Taken/Scheduled
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*\*Specialty contractors: Attach current training certificates for Asbestos, Lead, UST, Fire Sprinkler, Well Drilling, Medical Gas, etc.*

## CONTRACTOR'S STATEMENT OF EXPERIENCE

Name to be on License: \_\_\_\_\_

1. License applicant's list of experience: *(May attach a list in lieu of completing the below)* ☐ – See Attached

<u>Year</u>	<u>Type of Work</u>	<u>Contract/\$Amount</u>	<u>Location of Work</u>	<u>Client</u>
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2. Please list employees, owners/officers and/or qualifying agent(s) experience: ☐ – See Attached

*(May submit attachment or resumes)*

<u>Employee/Owner Name &amp; Title</u>	<u>Years of Experience</u>	<u>Employer's Construction Company Name</u>	<u>(Res./Com./Ind.) Project Type</u>
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3. Average number of employees: ☐ None ☐ 1 – 5; ☐ 6 – 10; ☐ 10 – 20; ☐ Over 20

4. Please submit proof of workers compensation insurance or explanation. ☐ – **Proof Attached** ☐ – **Explanation**

5. Bank(s) name, location and contact person of where you do business:

\_\_\_\_\_

\_\_\_\_\_

6. Attach list of major equipment you own, lease, or rent. (This may be a depreciation schedule)

☐ – See Attached List

☐ – No Equipment owned (leased or rented when needed)

## **CONTRACTOR'S AFFIDAVIT**

1.

\_\_\_\_\_  
(Contractor Applicant)

\_\_\_\_\_  
(Name as to be licensed – must be same as on financial statement)

**Mode of Operation:** { } Corporation { } Partnership { } Individual { } Limited Liability Company

2. To the best of my knowledge, information, and belief, a petition in bankruptcy { } **\*HAS { } HAS NOT** been filed within seven (7) years preceding the filing of this application from any person who is an officer, owner, partner of this entity. *(If such petition has been filed, attach information and an explanation of the proceedings hereto as part of affidavit and copy of discharge.)*
3. As Contractor Applicant (owner/proprietor or partner, officer, director, qualifying agent or major stockholder) with this company, firm, or corporation, do hereby affirm, I/we { } **\*HAVE { } HAVE NOT** been convicted of a felony, participated in any other conduct which constitutes improper, fraudulent, or dishonest transactions, involvement with any company who is in violation of T.C.A. 62-6-118. *(If you checked "HAVE", please attach an explanation with copy of legal proceedings; proof showing release of probation.) The Board may deny a license for convictions and applicants are subject to criminal background investigations.*
4. As Contractor Applicant, I/we { } **\*HAVE { } HAVE NOT** bid, offered to engage or performed any construction in the State of Tennessee, where the amount of the contract would require a license to engage in contracting. If so, please attach an explanation.

*I/we affirm in applying to the Tennessee Board for Licensing Contractors for a new license to engage in contracting with the State of Tennessee, hereby depose and say as follows:*

The foregoing statement regarding experience, financial, and all other information provided in this application is true and correct. In addition, these statements are submitted to the Board for Licensing Contractors for the express purpose to license the applicant as a contractor in the State of Tennessee. Further, any depository, vendor or other agency herein named is hereby authorized to supply this Board with any information necessary to verify these statements.

\*If you checked "HAVE" or "HAS" above, please attach explanation-

***The individual, owners, qualifying agent(s), partners, major officers, controlling stockholders, or Chief Executive Officer duly authorized by the Board of Directors, with this entity, must execute this affidavit***

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

**Subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.**

**My Commission Expires: \_\_\_\_\_  
State of \_\_\_\_\_ County of \_\_\_\_\_**

\_\_\_\_\_  
(NOTARY)

-SEAL-

## LETTER OF REFERENCE

From: \_\_\_\_\_

\_\_\_\_\_  
*Past Client*

\_\_\_\_\_  
*Past Employer*

\_\_\_\_\_  
*Codes Official*

Reference Relating to: \_\_\_\_\_  
*(Please print name of individual and/or company applying for a license)*

Address: \_\_\_\_\_

The above named individual and/or company is applying for a contractor's license in the State of Tennessee. Please give any information you can relating to their construction experience. You can greatly assist both applicant and Board by furnishing this information in detail. *(PLEASE PRINT OR TYPE)*

1. How long have you known the owner(s)/principals? \_\_\_\_\_

2. What has been your general experience with the above?

2. What is your business opinion of the above?

4. Do you recommend a state license be granted to the above? Explain.

5. Please mention other comments you would like to include regarding the applicant.

This form is being completed by:

\_\_\_\_\_  
(Print Name) (Name of Company/Client or list "Homeowner")

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_ Email \_\_\_\_\_

\_\_\_\_\_  
(Signature) (Date)

NOTE: All reference letters must be from a past client, employer or codes official commenting on experience. Out of state letters are acceptable; family member references are not acceptable.

# WORKSHEET FOR DETERMINING MONETARY LIMIT

(Attach to Financial Statement)

FINANCIAL STATEMENT OF: \_\_\_\_\_ DATE \_\_\_\_\_

____ AUDITED	____ REVIEWED	____ CPA	____ LICENSED PA
____ INDIVIDUAL	____ PARTNERSHIP	____ LLC	____ CORPORATION

CURRENT ASSETS _____	TOTAL ASSETS _____
CURRENT LIABILITIES _____	TOTAL LIABILITIES _____
WORKING CAPITAL _____	NET WORTH _____

\*SUPPLEMENTAL FINANCIAL STATEMENT(S): \_\_ Guaranty Agreement: \_\_ Yes \_\_ No: \_\_\_\_\_

1. Company/Personal Financial Statement of \_\_\_\_\_ Date \_\_\_\_\_

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

2. Company/Personal Financial Statement of \_\_\_\_\_ Date \_\_\_\_\_

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

3. Line of Credit in the amount of \$ \_\_\_\_\_ Bank: \_\_\_\_\_

**TOTALS:**  
**COMBINED WORKING CAPITAL \$ \_\_\_\_\_ COMBINED NET WORTH \$ \_\_\_\_\_**

**\*MONETARY LIMIT REQUESTED: \$ \_\_\_\_\_**

\*Should the contractor's financial statement and experience fail to qualify for the monetary limit requested, the Board may grant the license at a lower amount.

**MONETARY LIMITS ARE BASED ON TEN (10) TIMES THE LESSER OF YOUR COMBINED WORKING CAPITAL, NET WORTH and EXPERIENCE!**

- SUPPLEMENTAL FINANCIAL STATEMENTS MAY BE USED TO INCREASE NET WORTH AND WORKING CAPITAL.
- LINE OF CREDIT MAY BE CONSIDERED TO SUPPLEMENT WORKING CAPITAL.
- GUARANTY AGREEMENT MUST BE SIGNED, NOTARIZED AND ATTACHED WITH SUPPLEMENTAL FINANCIAL STATEMENT

## ATTACH FINANCIAL STATEMENT PREPARED BY A LICENSED CPA/LPA WITH A REVIEWED OR AUDITED OPINION

Financial statements submitted by contractors shall be treated as confidential and shall be used by the Board only for the purpose of determining the financial stability of an applicant for a license and the monetary limitations. T.C.A. 62-6-124.

**CURRENT ASSETS** are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business's normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders

**CURRENT LIABILITIES** are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- \*Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year

\*Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

**\* All financial statements submitted should separate current portion of  
long term debt according to standard accounting principals\***

*More detailed instructions for you and your accountant are located in the instruction booklet-*



**GUARANTY AGREEMENT**

***(Required for: supplemental financial statements to increase working capital or net worth; parent or personal guarantors; and/or with financial statements showing cash only)***

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

This **GUARANTY AGREEMENT** is being executed at the request of:

\_\_\_\_\_  
**(NAME AS TO BE ON LICENSE)**

The contractor, to which this document is applicable, for the express purpose of providing additional financial security and stability for said Contractor in order to obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

I/we the undersigned Guarantors agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary, pursuant T.C.A. 62-6-111(g)(1)(E), all liabilities indemnified.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

\* \* \*

\*Corporate parent financial statements submitted to indemnify and/or increase working capital and net worth of licensee, must complete corporate section, sign and NOTARIZE.

\*\*Personal guarantors may indemnify and/or increase working capital and net worth of licensee, complete personal section, sign and NOTARIZE. (Signature of all persons named on financial statement, such as SPOUSE, is required.)

**\*CORPORATE /PARENT GUARANTOR SECTION**

**\*\*PERSONAL GUARANTOR SECTION**

\_\_\_\_\_  
Entity Name on Corporate/Parent Financial Statement

\_\_\_\_\_  
Signature of Personal Guarantor

Name: \_\_\_\_\_

\_\_\_\_\_  
Signature of Additional Personal Guarantor or Spouse

Title: \_\_\_\_\_

\_\_\_\_\_  
**\*Signature of Corporate Official**

\*As corporate official, I am fully authorized to bind/obligate corporation to the terms and conditions of this document as stated herein.

**NOTARIZE**

Affirmed and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Notary Signature)

My Commission Expires: \_\_\_\_\_  
State of \_\_\_\_\_/County of \_\_\_\_\_

**(SEAL)**

(Must attach supplemental financial statement with Guaranty Agreement)

## LINE OF CREDIT

TO BE WRITTEN ON BANK LETTERHEAD

(May be used if WORKING CAPITAL does not support monetary limit requested)

**DATE**

**TO: CONTRACTOR LICENSEE NAME (Individual, Corporation, Partnership or LLC)**  
**Address**  
**City, State and Zip**

**Dear Contractor:**

You have requested of (Name of Bank, Savings and Loan FDIC Institution) to establish a line of credit which will be available to (Contractor's Name as to be on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$(Dollar Amount), which will be maintained for a period of one year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

**By**

Name/Title

### **SAMPLE LETTER -- FOR BANK USE ONLY**

#### Information

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank
- The line of credit (LOC) does not increase the net worth
- If a contractor's working capital is negative, only 50% of the LOC's value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This format's exact wording must be used in order for the Board to consider accepting
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as to be licensed and as on financial statement



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
**BOARD FOR LICENSING CONTRACTORS**  
500 JAMES ROBERTSON PARKWAY, SUITE 110  
NASHVILLE, TENNESSEE 37243-1150  
(615)741-8307 (800) 544-7693  
FAX - (615) 532-2868

**POWER OF ATTORNEY**

Know all that I, \_\_\_\_\_, of \_\_\_\_\_,  
(Owner/Officer Name) (County)

\_\_\_\_\_, of \_\_\_\_\_ do hereby appoint:  
(State) (License/Company Name)

\_\_\_\_\_  
(Qualifying Agent Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date of Employment)

Above named is at least 18 years of age and a full time employee, is authorized to act qualifying agent (QA) on the company's behalf, to take the examinations(s) and/or interview, as required for a Tennessee contractors license.

This designated qualifying agent \_\_\_\_\_ **\*IS** or \_\_\_\_\_ **IS NOT** listed as the QA for another licensee (attach explanation if listed on another license in Tennessee). I understand should the qualifying agent leave the company, pursuant T.C.A. §62-6-115, the Board must be notified within 10 days; another individual must be designated to pass the examinations within 90 days, or the license is invalid.

\_\_\_\_\_  
Owner/Officer - Signature

\_\_\_\_\_  
Qualifying Agent - Signature

Affirmed, witnessed and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

-(Seal)-

**\*If you checked "IS" listed on another contractor's license, what is the license ID#000\_\_\_\_\_.**  
**A Qualifying Agent cannot be listed on more than one license unless they are an owner or their license is inactive/retired. Please submit an explanation.**

*(To be completed by corporations and partnerships, when appointing full time employees as qualifying agents, who are not owners, for testing and board interview)*

## TENNESSEE RECIPROCITY INFORMATION

TENNESSEE BOARD FOR LICENSING CONTRACTORS

500 JAMES ROBERTSON PARKWAY, SUITE 110

NASHVILLE, TENNESSEE 37243-1150

(800) 544-7693 or FAX - (615) 532-2868

[www.state.tn.us/commerce/boards/contractors](http://www.state.tn.us/commerce/boards/contractors)



**ALL CONTRACTORS MUST HOLD A TENNESSEE LICENSE PRIOR TO OFFERING A PRICE, CONTRACTING OR BIDDING OR BE SUBJECT TO PENALTIES AND DENIAL OF LICENSE (See TCA 62-6-120).**

The State of Tennessee has entered into a trade exam reciprocal agreement with various licensing agencies in the states of Alabama – (General, Electrical, Residential, and HVAC); Arkansas (General Contracting); Louisiana; Mississippi and South Carolina (General). Reciprocation is with the TRADE exam, only (exam must be comparable to Tennessee's). The contractor must still pass the Tennessee Business and Law exam, complete the application with all financial requirements, interview with the Board, attach copies of their license, exam scores, register their corporation or LLC with Tennessee Secretary of State and have their state complete the following:

### LICENSE VERIFICATION

Licensee: \_\_\_\_\_ License #: \_\_\_\_\_  
(Name as it appears on license)

Address: \_\_\_\_\_

\_\_\_\_\_  
The above named applicant has submitted an application for a contractor's license in the State of Tennessee.

### STATE AGENCY COMPLETES PORTION BELOW

\_\_\_\_\_  
Name of Verifying State: \_\_\_\_\_ - Reciprocate with Tennessee \_\_Yes \* \_\_No

Owner(s) or Officer(s): \_\_\_\_\_

Name of Qualifying Agent(s) (Person Tested): \_\_\_\_\_

License Classification: \_\_\_\_\_ Monetary Limit: \_\_\_\_\_

Original Date of Licensure: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Licensed By: \_\_\_\_\_

☐ Exam - Type & Score: \_\_\_\_\_ Date \_\_\_\_\_

☐ Endorsement- State: \_\_\_\_\_

☐ Waiver - \_\_\_\_\_

Complaints: ☐ None ☐ Yes - Disciplinary Action: \_\_\_\_\_

(SEAL)

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

TCA 12-4-801 - **Bid Preference Law** - A like reciprocal preference is allowed to the lowest responsible bidder to a contractor who is either a resident of this state or is a resident of another state.

\*If "No" is checked, reciprocation will be denied!

## **Outline of License Classifications** (Abbreviated List from Rule 0680-1-.16)

All applicants must take the Business and Law exam. The following is an outline of classifications requiring a "Trade" test:

### **BC - BUILDING CONSTRUCTION - (Test Required)**

#### **A. Residential (BC-A) - (Test Required)**

"Residential building contractors" are those whose services are limited to construction, remodeling, repair, or improvement of one, two, three, or four family unit residences not exceeding three stories in height and accessory use structures in connection therewith.

#### **B. Commercial (BC-B) - (Test Required)**

A commercial building contractor is authorized to bid on and contract for the construction, erection, alteration, repair or demolition of any building or structure for use and occupancy by the general public, including residential construction with more than five (5) units or greater than three (3) stories in height.

#### **b. Small Commercial (BC-b) - (Test Required)**

A small commercial building contractor is authorized to bid on and contract for the construction, erection, alteration, repair or demolition of any building or structure for use and occupancy by the general public where the total cost of which does not exceed seven hundred fifty thousand dollars (\$750,000.00).

#### **C. Industrial (BC-C) - (Test Required)**

A contractor under this classification is authorized to bid on and contract for the erection, alteration, repair and demolition of buildings or structures used for industrial production and service, such as manufacturing plants.

### **BC BUILDING SUBCATEGORIES – (Test not required for five (5) or less of the following subcategories; classification approved based upon experience and equipment)**

- |   |  |
|---|--|
| 1. Acoustical Treatments                    | 18. Erection and Fabrication of Structural Steel |
| 2. Carpentry, Framing and Millwork, etc.    | 19. Concrete                                     |
| 3. Drywall                                  | 20. Sheet Metal                                  |
| 4. Floor Covering                           | 21. Roofing                                      |
| 5. Foundations                              | 22. Conveyors                                    |
| 6. Glass, Window and Door Construction      | 23. Sandblasting                                 |
| 7. Institutional and Recreational Equipment | 24. Golf Courses                                 |
| 8. Lathe, Plaster and Stucco                | 25. Tennis Courts                                |
| 9. Masonry                                  | 26. Swimming Pools                               |
| 10. Ornamental and Miscellaneous Metal      | 27. Outdoor Advertising                          |
| 11. Painting, Interior Decorating           | 28. Excavation                                   |
| 12. Roof Decks                              | 29. Landscaping                                  |
| 13. Site and Subdivision Development        | 30. Fencing                                      |
| 14. Special Coatings and Waterproofing      | 31. Demolition                                   |
| 15. Tile, Terrazzo and Marble               | 32. Millwright                                   |
| 16. Insulation                              | 33. Irrigation                                   |
| 17. Elevators, Escalators, and Dumbwaiters  |  |

Example: A contractor with a full **BC** classification is considered licensed to bid and perform "residential, commercial and industrial" building, as well as, any of the 33 listed building subcategories. A contractor with a **BC-31 classification** would be licensed for "demolition", only.

### **HC - HEAVY CONSTRUCTION (No Test - for HC or any of the HC subcategories)**

#### **A. Marine (HC-A)**

(Wharves, Docks, Harbor Improvements and Terminals)

#### **B. Tunnel and Shaft (HC-B)**

#### **C. Energy and Power Plants (HC-C)**

#### **D. Dams, Dikes, Levees and Canals (HC-D)**

#### **E. Mining Surface and Underground (HC-E)**

#### **F. Oil Field Construction (HC-F)**

#### **G. Oil Refineries (HC-G)**

### **Heavy Construction Categories (Apply to All Areas)**

1. Structural Steel Erection
2. Tower and Stack Construction
3. Foundation Construction, Pile Driving, Foundation Drilling, and Stabilization
4. Demolition and Movement of Structures
5. Clearing, Grubbing, Snagging and Rip Rap
6. Slipform Concrete Structures
7. Rigging and Crane Rigging
8. Welding

**HRA - HIGHWAY, RAILROAD AND AIRPORT CONSTRUCTION** *(No Test – for HRA or HRA subcategories)*

**A. Grading and Drainage (HRA-A)**

Includes grading, drainage pipe and structures, clearing and grubbing.

**B. Base and Paving (HRA-B)**

1. Base Construction
2. Hot and Cold Mix Asphalt
3. Surface Treatment Asphalt
4. Concrete Paving

**C. Bridges and Culverts (HRA-C)**

1. Painting
2. Repair
3. Demolition
4. Bridge Deck Overlay (Sealant)
5. Guniting
6. Cofferdam
7. Steel Erection

**D. Railroad Construction and Related Items (HRA-D)**

**E. Miscellaneous and Specialty Items (HRA-E)**

1. Traffic Safety
  - (a) Pavement Markers
  - (b) Signing
  - (c) Guardrail and Fencing
  - (d) Attenuators, signalization and roadway lighting
2. Landscaping

Includes seeding, sodding, planting, and chemical weed and brush control.

**3. Pavement Rehabilitation**

Includes pressure grouting, grinding and grooving, concrete joints, and underdrains.

**4. Well Drilling**

**5. Miscellaneous Concrete**

Includes sidewalks, driveways, curb and gutter, and box culverts.

**MU - MUNICIPAL AND UTILITY CONSTRUCTION –** *(No Test - for MU subcategories, except for a full MU or MU-B classification)*

Municipal and Utility Construction includes all supervision, labor, material and equipment to complete underground piping, water and sewer plants and sewer disposal, grading and drainage, and paving (unless restricted to specific areas named).

**A. Underground Piping (MU-A)**

Furnish supervision, labor, material and equipment to complete all underground piping for municipal and utility construction (unless restricted to specific areas names).

1. Gas Distribution and Transmission Lines
2. Sewer Lines, Storm Drains, Rehabilitation and Structures
3. Waterlines
4. Underground Conduit

**B. Water and Sewer Systems\* (MU-B)**

\* requires a BC-B or commercial or industrial trade exam to construct water and sewer plants.

**C. Grading and Drainage (MU-C)**

Includes grading, drainage pipe and structures, clearing and grubbing.

**D. Base and Paving (MU-D)**

1. Base Construction
2. Hot and Cold Mix Asphalt
3. Surface Treatment Asphalt
4. Concrete Pavement
5. Miscellaneous Concrete (includes sidewalks, driveways, curb and gutter, and box culverts)

**CMC - MECHANICAL CONTRACTING**

**A. Plumbing and Gas Piping (CMC-A) - (Test Required)**

**B. Process Piping (CMC-B) – (No Test)**

**C. HVAC, Refrigeration and Gas Piping (CMC-C) - (Test Required)**

**1. Solar HVAC (geothermal) – (Test Required – CMC-C)**

**D. Sprinklers & Fire Protection (must register with Fire Prevention) - (CMC-D) - (Test Required)**

**E. Insulation of Mechanical Work (CMC-E) – (No Test)**

**F. Pollution Control (CMC-F) – (No Test)**

**G. Pneumatic Tube Systems (CMC-G) – (No Test)**

**H. Temperature Controls (Pneumatic) (MC-H) - (No Test)**

**I. Boiler Construction & Repairs (CMC-I) - (No Test)**

**J. Fuel Gas Piping and Systems (CMC-J) - (No Test)**

**CE - Electrical Contracting** (formerly E; the "C" in front of "E" means tested after May, 1992)

**(Test Required for full CE)**

A. Electrical Transmission Lines **(CE-A) - (Test Required – High Voltage)**

B. Electrical Work for Buildings and Structures - **(Test Required – full CE)**

C. Underground Electrical Conduit Installation **(CE-C) – (No Test for Low Voltage – 70 volts)**

D. Sound and Intercom Systems, Fire Detection Systems, Signal and Burglar Alarm Systems and Security **(CE-D) – (No Test Required for Low Voltage/up to 70 volts; must register with Alarm Systems Contractors Board)**

E. Electrical Signs **(CE-E) – (Test Required if more than 70 volts)**

F. Telephone Lines and Ducts **(CE-F) – (No Test Required; Low Voltage)**

G. Cable T.V. **(CE-G) – (No Test)**

H. Substations **(CE-H) – (Test Required for High Voltage)**

I. Electrical Temperature Controls **(CE-I) - (No Test)**

J. Fire Detection Systems, Signal and Burglar Alarm Systems and Security Systems with conduit and wiring above (70) volts require an electrical exam. **(CE-J) - (Test Required – CE)**

K. Roadway Lighting, Attenuators and Signalization - requires electrical examination. **(CE-K) – (Test Required – CE)**

**S- Specialty/Environmental - (No Test; based upon experience, training and certifications)**

A. Asbestos Material Handling/Removing **(S-A or S-Asbestos)**

B. Underground Storage Tank **(S-B or S-UST)**

C. Lead-Based Paint Abatement **(S-C or S- Lead)**

D. Hazardous Waste Removal **(S-D or S-Hazardous)**

E. Air, Water or Soil Remediation **(S-E or S-Remediation)**

**S-Specialty/Medical Gas Piping (S-Medical Gas Piping) – (No Test Required)**

Installation, maintenance and repair work falling within the regulation of medical gas piping pursuant to Tennessee Code Annotated, Section 68-11-253.

A. Medical Gas Piping Installer Certification Requirements.

1. The minimum qualifications for board certification are the qualifications for certification established by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE). A minimum of thirty-two (32) hours of training, with eight (8) of brazing.

**S - Specialty (Specified) – (No Test for "S" specialty classifications)**

The Board reserves the right to depart from the classification system in appropriate individual cases, with no trade exam required and the following are examples.

**S-Telecommunication / Cell Towers**

**S-Equipment Installation**

**S-Mold Remediation**

**S-Telecommunications**

(NOTE: The above is an abbreviated list of specialties and does not include all specialty classifications assigned to contractors by the Board.)

Compilation from *Rule 0680.1--.16* and may be reviewed at the Tennessee Secretary of State's web address at:

<http://www.state.tn.us/sos/rules/0680/0680.htm> or contact our office for a copy.

## CHECKLIST

*(Detailed steps are in the instruction booklet pages i – xv)*

- \_\_\_\_\_ Attach copy of passing exam score(s). Limited Residential (BC-A/r – Restricted) applicants must submit a copy of their course certificate. Environmental specialties must attach copies of the qualifying agent's training certificates. Fire Sprinkler's attach copy of certification. Contractors applying for reciprocity, attach license verification page completed from the State licensing agency. Pages 12 -14 is a an abbreviated list of classifications.
- \_\_\_\_\_ Experience (page 3) completed- Very important to help determine monetary limit!
- \_\_\_\_\_ Attach a copy of workers compensation coverage if you have more than one employee.
- \_\_\_\_\_ Contractor's affidavit (page 4) completed; explanation if you checked "HAS" or "HAVE".
- \_\_\_\_\_ Attach the completed letter of reference (page 5).
- \_\_\_\_\_ "Power of Attorney" completed for: Corporations, LLC'S and Partnerships who are appointing a full time employee to test and interview on behave of the company (page 10).
- \_\_\_\_\_ Attach Reviewed or Audited financial statement in name to be licensed.
- \_\_\_\_\_ Line of Credit (page 9) for applicants wanting to supplement their working capital.
- \_\_\_\_\_ Guaranty Agreement (page 8) needed for contractors submitting personal financials. Guarantor's financial statements to increase net worth and working capital, or corporations owned by another/parent company, please submit with guarantor's reviewed or audited financial statement. Required for financial statements showing cash only/non-operating statement.
- \_\_\_\_\_ Enclose a copy of the Charter; or Certificate of Authority (out-of-state is considered foreign); or Articles of Organization, showing proof "Filed" with the Tennessee Secretary of State's office. *(Does not apply to Sole Proprietor/Individuals)*
- \_\_\_\_\_ Attach an explanation if this is not a new license: i.e. Reinstatement, Second Company, Qualifying Agent, or Merger/Reorganization, detailing whether the present license is to be continued or is to be made invalid; if a new license number is to be assigned, etc. Exams are not required to be retaken unless the license has been expired for two years. If you have remained active in the construction industry, you may submit a letter to the Board requesting to waive the two year policy. Note: to add a classification or increase limit, do not apply for new license. Cannot operate until approved by the Board.
- \_\_\_\_\_ Make a copy of application prior to submitting. Regular mail takes up to 14 days and is best to express mail. Application deadline date is 20<sup>th</sup> of the month prior to Board meeting. Enclose a check or money order (no cash) in the amount of **\$250.00** (nonrefundable) payable to the "**Contractors Board**" and mail to the Board's address at:

Tennessee Board for Licensing Contractors  
500 James Robertson Parkway, Suite 110  
Nashville, TN 37243-1150

***(LICENSES ARE ISSUED IN THE EXACT NAME AS FINANCIAL STATEMENT)***



